

**SAMPLE LETTER TO QUALIFIED ENTITIES FROM OWNERS
NOTICE OF OPPORTUNITY TO SUBMIT AN OFFER TO PURCHASE
Pursuant to Government Code Section 65863.11**

(use owner's business letterhead)

Date

Name of Qualified Entity
Address of Qualified Entity

Reference: **Notice of Opportunity to Submit an Offer to Purchase**

Dear Qualified Entity:

The purpose of this notice is to inform **Qualified Entities** of an opportunity to submit an offer to purchase (*insert project name*), a privately owned government-assisted multifamily project, located at (*insert project address*) and owned by (*insert owners and agents names, addresses, telephone and fax numbers, and/or email addresses*) for 180 days from the date of this letter and prior to mortgage prepayment and/or termination of rental subsidies (opt-out).

(*Select one of the two options below*):

Your organization is identified as a **Qualified Entity** from the list maintained by the State Department of Housing and Community Development **OR** your organization has directly contacted the owner, and has evidenced interest in purchasing at-risk projects in the area where this project is located.

(*Select one of the three applicable descriptions below*):

The owner intends to end participation in _____ (*insert the mortgage financing program - Section 221(d)(3), Section 236, Section 202/811, Section 515 or IRS Section 42*) federal mortgage program through mortgage prepayment or termination **AND** terminate the contract for *project-based* Section 8 rental assistance, when it expires (opt-out).

OR

The owner intends to end participation in _____ (*insert the applicable mortgage financing program - Section 221(d)(3), Section 236, Section 202/811, Section 515 or IRS Section 42*) federal mortgage program through mortgage prepayment or termination.

OR

The owner intends to terminate the contract for *project-based* Section 8 rental assistance when it expires (opt-out).

Prepayment and/ or Termination Date

The owner intends to prepay the mortgage on _____, **AND/OR** terminate rent subsidies (opt-out) on _____ (*indicate applicable date(s), twelve-months from date of this letter*) _____.

Project Information

The owner is required to provide the following project information, within fifteen (15) business days via certified mail, return receipt requested, to any requesting or qualified entity on the Department of Housing and Community Development's list interested in submitting an offer to purchase:

- Terms of any assumable financing.
- Terms of any subsidy contracts.
- Any proposed improvement to the project to be made by the owner in connection with the sale.
- Itemized lists of monthly operating expenses.
- Itemized lists of capital improvements within the last two years.
- Amount of project reserves.
- Two most recent financial and physical inspection reports filed on the project with federal, state or local agencies, if any.
- Most recent rent roll listing rent paid for each unit and the subsidy, if any, paid by a government agency as of the date of the twelve-month **Notice of Intent** (Government Code Section 65863.10).

To request the above project information and to submit an offer to purchase, contact the owner and/or our agents at the addresses above.

Qualified Entities that intend to make an offer to purchase must identify themselves by type of organization (i.e. tenant association, nonprofit organization, public agency or profit-motivated organization or individual) and certify that the individual or organization meets the all qualified entity criteria pursuant to Government Code 65863.11.

Qualified Entities that make a bona fide offer to purchase have a right of first refusal to submit a counteroffer that meets the terms and conditions of any other pending offer for an additional 180 days.

Sincerely,

Owner and/or his/her agent of federally assisted multifamily housing development

Note: A copy of this Notice has been posted in the common area of the development.

QUALIFIED ENTITY CERTIFICATION
(GOVERNMENT CODE SECTION 65863.11)
(Please print legibly on form or submit electronically)

DATE SUBMITTED:

LEGAL NAME OF ORGANIZATION:

BUSINESS ADDRESS:

CITY:

COUNTY:

STATE:

ZIP CODE:

PHONE NUMBER:

FAX NUMBER:

TITLE OF CONTACT PERSON:

TYPE OF QUALIFIED ENTITY ORGANIZATION (Check only one)

☐ Local, regional, national nonprofit organization

☐ Local, regional, national public agency

☐ Profit-motivated individual or organization

☐ Tenant Association

LIST THE COUNTIES WHERE YOU OR YOUR ORGANIZATION IS INTERESTED IN
PURCHASING AT-RISK PROPERTIES

STATEWIDE INTEREST ☐ (Check here)

**SELF-CERTIFICATION AS A QUALIFIED ENTITY
(GOVERNMENT CODE SECTION 65863.11)**

LEGAL NAME OF
ORGANIZATION: _____

I/We, certify that the individual or organization listed above meets all the eligibility criteria as a qualified entity to participate in the Opportunity to Submit an Offer To Purchase federally-assisted multifamily rental housing projects and Right-of-First-Refusal, pursuant to California Government Code Section 65863.11. Criteria includes:

1. The purchasing entity is the tenant association of the affected development; a local, regional, or national nonprofit organization or public agency; or a profit-motivated organization or individual;
2. The purchasing entity is capable of purchasing residential properties for the purpose of maintaining long term affordability and rental restrictions;
3. The purchasing entity is financially capable of managing the housing and related facilities for the remaining useful life, either by itself or through a management agent;
4. The purchasing entity agrees to obligate itself and any successors in interest to maintain the affordability of the project for very low-, low- or moderate-income households for either a 30 year period from the date the entity takes legal possession of the project or the remaining term of the existing federal government assistance, whichever is greater;
5. The purchasing entity agrees to maintain the occupancy profile of very low-, low- and moderate-income tenants in the approximate percentages that existed at the time the 12 month **Notice of Intent** to prepay or terminate was given or the approximate percentages specified in the existing use restrictions, whichever is higher;
6. The purchasing entity agrees to renew subsidies if available and sufficient to maintain the project's economic feasibility;
7. A purchasing local nonprofit organization or public agency ensures no officers or directors will have a financial interest in the project to be purchased;
8. The purchasing entity agrees to record affordable rents and use restrictions in a regulatory agreement.

SIGNATURE(S) AND TITLE(S):

PRINT NAME(S)

DATE: _____

**COMPLETE ALL PAGES AND SUBMIT THEM TOGETHER TO HCD AND
CONFIRM RECEIPT:**

Fax to: (916) 327-2643

Download forms and submit via Email to: Cahouse@hcd.ca.gov

Or

Mail to:
State of California
Department of Housing and Community Development
Housing Policy Development Division
P.O. Box 952053
Sacramento, CA 94252-2053

ATTENTION: HCD LIST OF QUALIFIED ENTITIES